

**Commission Meeting Minutes
March 13, 2014**

Chairman Russo called the meeting to order at 12:05 PM and announced that the Commission meeting is being tape recorded and this will be noted in the minutes. He also noted that Commissioners James Machado and Don Marquis are participating in this meeting remotely due to their location. Therefore, pursuant to 940 CMR 29.10, all votes taken during this meeting shall be by roll call vote.

Commissioners Present: Chairman Domenic J.F. Russo, Vice Chairman Gerald McDonough, Commissioners Philip Brown, and John Langan. As noted above, Commissioners James Machado and Donald Marquis are participating remotely. Commissioner Robert McCarthy is not in attendance as he is currently participating in a Pension Conference.

PERAC Staff Present: Executive Director Joseph Connarton, Deputy Executive Director Joseph Martin, General Counsel/Deputy Director John Parsons, Deputy General Counsel/Managing Attorney Judith Corrigan, Associate General Counsel Patrick Charles, Director of Strategic Planning Michael DeVito, Compliance Officer Thomas O'Donnell, Compliance Counsel Derek Moitoso, Chief Auditor Harold Chadwick, and Senior Executive Assistant Kim Boisvert.

Commissioner McDonough made a motion to adopt the minutes of the February 27, 2014 meeting. Commissioner Brown seconded the motion, a roll call vote was taken, and the minutes were adopted unanimously.

Chairman Russo introduced and welcomed the following guests: Nick Favorito from the State Retirement Board, Sean Neilon from the Massachusetts Teachers' Retirement Board, Patrick Brock from the Hampshire County Retirement System and Paul Shanley from Amity Insurance.

Legal Update

Deputy General Counsel Corrigan updated the Commission on Wesolowski v. Hampden Regional Retirement Board & PERAC, CR-11-66.

Legislative Update

Mr. DeVito reported that PERAC Bills H. 14 regarding Unemployment Benefits and H. 15 regarding the authorization of PERAC to hold a Hearing under §15(7) are both currently in the Public Service Committee. He stated that there has been no movement on H. 3560 the bill to expand PERAC's Commission or H. 59 the Governor's OPEB bill. He continued that H. 3304, the Derek Cook reinstatement bill, was ordered to a Third Reading in the House and H. 3377, the Plymouth County Retirement System Pension Obligation Bond bill, passed the House and is now in the Senate Ways and Means Committee.

Commissioner McDonough inquired of the legal unit, if any individuals have filed a claim having worked one day for a year of creditable service, vested, left their money in their respective system, and then retired after 2009.

Ms. Corrigan is sure that a claim must have been filed but PERAC had not been included as a party.

Mr. Connarton and Mr. Parsons reported that they know of one case being appealed with DALA.

Audit Update

Mr. Chadwick reported that audits are currently occurring at the Franklin County, Fall River, and Teachers' Retirement Boards. The Audit Unit will be going to the State and Webster Retirement Boards within the next week or two. Internal reviews are being conducted on Plymouth County, Salem, and Everett Retirement Systems. He further noted that we are awaiting responses from Somerville and Northbridge Retirement Boards. Mr. Chadwick told the Commission that the Clinton and Lawrence Retirement Systems audit reports' have been posted on the PERAC Web Page since the last Commission meeting and explained their respective findings. Finally he reported that follow up audits have been completed at the Medford and Montague Retirement Boards.

Compliance Update

Mr. Moitoso explained Title IV of the *Dodd-Frank Wall Street Reform and Consumer Protection Act* which makes numerous changes to the registration, reporting, and recordkeeping requirement of the Investment Advisers Act of 1940. He stated that PERAC surveyed other states, retirement systems and the National Association of Public Pension Attorneys as to whether SEC registration is a requirement for investors in their respective states. He was surprised that a number of systems actually have a statute requiring SEC registration.

Mr. Moitoso and Mr. O'Donnell responded to several questions that the Commissioners had.

Mr. O'Donnell stated that the Compliance Unit would like the Commission to adopt the motion that was presented to the Commission at its last meeting by the Investment Sub-Committee.

Some discussion ensued regarding investors registering with either the SEC or the Massachusetts Secretary of State, and the registering of any manager no matter the size of the portfolio.

Commissioner McDonough made a motion to make it the position of the Commission that a retirement board that seeks to invest funds with an entity that is not registered with the Securities and Exchange Commission (SEC) or, if applicable, the Massachusetts Office of the Secretary of State will not receive an Acknowledgement Letter from the Commission and therefore may not make such an investment as the Commission has made a determination that it is in the best interest of the retirement system to withhold the Acknowledgement in circumstances in which a retirement board seeks to invest with a non-registered entity.

Commissioner Langan seconded the motion and a roll call vote was taken. The motion was unanimously adopted.

Executive Director's Report

Mr. Connarton reported on staff activities since the last Commission meeting and brought attention to a few activities.

Mr. Connarton informed the Commission about a meeting that Jim Lamenzo and he had with Senator Rodrigues and one of his constituents regarding a life insurance policy proposal entitled a "Benefit Recovery System". The insurance company would contract with the municipality; a \$525,000 policy would exist for each active member and would have 2 beneficiaries. The member would have the beneficiary of choice, who would receive \$25,000 upon the member's death and the municipality would get the remainder to distribute to the retirement board to pay down the pension liability.

Mr. Connarton then updated the Commission about the new format for the Commission notice and agenda and how the meetings are posted. He further stated in order to be transparent he would like to post the minutes of all Commission meetings on the web-site once the Commission approves the minutes. Mr. Connarton stated that posting the minutes on the web, would occur upon the Commission's approval. He also stated that eventually our Communications Unit would establish a link to our web site for the retirement system's to post their minutes. The Commission agreed with the suggestion.

Mr. Connarton reminded the Commission that G.L. c. 268A requires all public employees complete the Ethics Training prior to April 2, 2014 and that the Commissioners are considered public employees.

Other Business

Chairman Russo stated that the next Commission meeting is scheduled for Thursday, April 10, 2014 at noon.

Commissioner Marquis stated that the *Voice* has reported that the communities have recognized the importance of funding their respective funding schedules and have given credit to PERAC for its recommendations.

Commissioner Machado stated that he would not be in attendance at the April 10, 2014 Commission meeting as he will be participating in a jury trial.

Commissioner McDonough made a motion to adjourn. Commissioner Brown seconded the motion, a roll call vote was taken, and the motion was unanimously adopted. The meeting adjourned at 1:00 PM.

Commission Meeting Documents

Commission Agenda of the meeting for March 13, 2014

Commission Minutes for February 27, 2014

Legal Update

Wesolowski v. Hampden Regional Retirement Board & PERAC, CR-11-66

Legislative Update

Monthly Legislative Agenda and bullet points outlining legislation

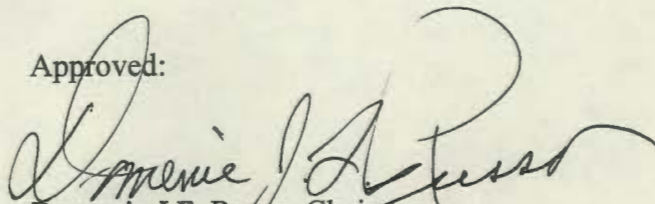
Audit Update

Recent PERAC Audit Findings cover sheet and the respective audit findings

Executive Director's Report

Updated Staff Activities Memo

Approved:

A handwritten signature in black ink, appearing to read "Domenic J.F. Russo". The signature is fluid and cursive, with a large loop at the end.

Domenic J.F. Russo, Chairman
Public Employee Retirement
Administration Commission